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C E N T R A L I N T E L L I G E N C E A G E N C Y

29 August 1958

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Morale on the Major Offshore Islands and on Taiwan

1. Troop morale on the Chin-mens is probably good at present, and we do not expect it to become a major problem during the next week or so. The recently reported lift in morale of the troops on Chin-men was probably due to a release of the tension built up over a long period of watching and waiting for something to happen. However, their morale will eventually deteriorate if the Chinese Communists continue or intensify their present level of bombardment and interdiction efforts and the Nationalist troops see no evidence of effective retaliation. US participation in the protection of the supply of the Chin-mens would have a beneficial effect on morale, but would probably not in itself prevent an eventual decline if the Chinese Communists continued to maintain heavy pressures.

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DOCUMENT NO. 13
NO CHANGE IN CLASS. ☐
☒ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 10-2

21 APR 1980
DATE

REVIEWER: 018645

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2. On the Matsus, although there is little information on present morale, we believe that the response of Nationalist troops to sustained Chinese Communist bombardment and interdiction efforts would be similar to that of the Chin-men garrisons.

3. In the event of landings in force in the Matsus or the Chin-mens, morale and military discipline in either island group would probably hold up, in the early stages at least. Even limited US combat actions in the defense of the islands would help sustain the morale of the defenders. However, if the defense effort seemed hopeless, the Nationalist troops would probably not resist to the last man. If such landings were to occur following a period of effective supply interdiction and sustained bombardment, and if rescue or reinforcement did not seem imminent, the defenders would be likely to give up readily.

4. Morale on Taiwan has been under gradual attrition, especially during the last two years. GRC leaders have shown increased sensitivity to the Free World's growing acceptance of Peiping, and, even more, to actions which they consider signs of lessening US opposition to Communist China. These developments have seemed to be reflected

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on Taiwan both in a greater sense of frustration among top Nationalist officials, and in a greater resignation to the realities of the situation among other Nationalists. On the other hand, a by-product of Communist China's current aggressiveness has been the hope it has almost certainly brought to Nationalist leadership that the US may at last commit itself to the defense of the offshore islands and thereby increase its commitment to the total GRC cause. Taipei's efforts to make the most of this situation are indicated in its exaggerated reporting of Chinese Communist actions and its urging US forces to carry out military missions which it could itself undertake.

5. The morale of Nationalist leaders on Taiwan will remain good as long as they believe that there is a good chance that the US will give them the support necessary to hold the offshore islands. If these leaders came to believe that the US would not defend these islands, their morale would drop fast and far. Actual loss of these islands would under any circumstances have a severe effect on Nationalist morale. The impact of such a loss would be of the greatest severity if the US withheld its support and the Chinese Nationalist troops stationed on the islands were defeated by a

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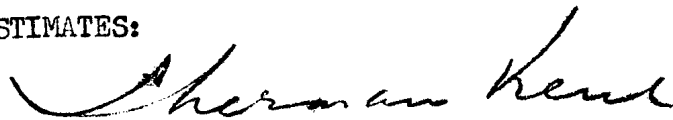
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Chinese Communist assault. The impact of the loss would be of less severity if the troops were evacuated with US assistance. In any case, the Nationalist government, if it is to survive, would require new and convincing demonstrations that the US was still determined to protect Taiwan and to preserve the GRC's international position. Were these demonstrations given, we feel that, in general, the previous judgments of the intelligence community* would still apply, and that the Nationalists would not fold up.

* NIE 43-2-57: "The Prospects for the Government of the Republic of China" (27 August 1957), and NIE 100-4/1-55: "Morale on Taiwan" (16 April 1955).

FOR THE BOARD OF NATIONAL ESTIMATES:



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